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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/029,997	12/27/2001	Grace Tsui-Feng Chang	US010470	7022

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PHILIPS INTELLECTUAL PROPERTY & STANDARDS  
P.O. BOX 3001  
BRIARCLIFF MANOR, NY 10510

EXAMINER

REAGAN, JAMES A

ART UNIT	PAPER NUMBER
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3621

DATE MAILED: 03/22/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

10/029,997

Applicant(s)

CHANG ET AL.

Examiner

James A. Reagan

Art Unit

3621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 27 December 2001.
- 2a) ☐ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) 14-20 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-13 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☒ Claim(s) 1-20 are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date: \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

## **DETAILED ACTION**

### **Status of Claims**

1. This action is in response to the application filed on 27 December 2001.
2. Claims 14-20 have been cancelled.
3. Claims 1-13 have been examined.

### **Election/Restrictions**

4. Restriction to one of the following inventions is required under 35 U.S.C. 121:
  - I. Claims [1-11] and [12-13] drawn to a method for tracking, classified in class 705, subclass 51.
  - II. Claims [14 and 15] and [16-20], drawn to a server for tracking, classified in class 709, subclass 230.

5. The inventions are distinct, each from the other because of the following reasons:

Inventions II and I are related as process and apparatus for its practice. The inventions are distinct if it can be shown that either: (1) the process as claimed can be practiced by another materially different apparatus or by hand, or (2) the apparatus as claimed can be used to practice another and materially different process. (MPEP § 806.05(e)). In this case, the process of tracking the distribution may be conducted without the use of a dedicated sever apparatus solely employed for tracking the digital works.

6. Because these inventions are distinct for the reasons given above and have acquired a separate status in the art as shown by their different classification, restriction for examination purposes as indicated is proper.

7. Because these inventions are distinct for the reasons given above and the search required for Group II is not required for Group I, restriction for examination purposes as indicated is proper.
8. During a telephone conversation with Gregory Thorne on 15 March 2005 a provisional election was made without traverse to prosecute the invention of group 1, claims 1-13. **Affirmation of this election must be made by applicant in replying to this Office action.** Claims 14-20 are withdrawn from further consideration by the examiner, 37 CFR 1.142(b), as being drawn to a non-elected invention.
9. Applicant is reminded that upon the cancellation of claims to a non-elected invention, the inventorship must be amended in compliance with 37 CFR 1.48(b) if one or more of the currently named inventors is no longer an inventor of at least one claim remaining in the application. Any amendment of inventorship must be accompanied by a request under 37 CFR 1.48(b) and by the fee required under 37 CFR 1.17(i).

#### **Information Disclosure Statement**

10. The Information Disclosure Statements filed on 11 March 2004 and 27 December 2001 have been considered. Initialed copies of the Form 1449 are enclosed herewith.

**Claim Rejections - 35 USC § 103**

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. Claims 1-13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stefik et al. (US 6,233,684 B1) in view of the Applicant's own admissions.

**Examiner's Note:** The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

**Claims 1-3, 5, 7, and 8:**

Stefik discloses the distribution of digital works utilizing a watermarking system to prevent copyright infringement and theft (see at least the abstract, column 1, line 46 to column 2, line 61, as well as other associated and relevant text). Stefik also discloses the use of User ID's, royalty information, designing the watermark based on historical data, and embedding the watermark into the digital work (see at least Figures 10 and 11, as well as other associated and relevant text). In

addition, Stefik discloses the billing process (see at least Figure 2, as well as other associated and relevant text). Stefik, therefore, discloses the following limitations:

- *storing user data associated with a plurality of registered users, wherein said user data includes a user identification code (userID) and payment information corresponding to each registered user of the plurality of registered users;*
- *transferring a data packet associated with the digital product from a registered user of the plurality of registered users to another user, wherein the data packet includes a watermark storing the userID of the registered user;*
- *transacting a purchase by the user of the digital product; and*
- *processing the payment information corresponding to the registered user who transferred the data packet for effecting payment to the registered user for the sale of the digital product by the registered user to the user;*
- *updating the watermark to include the userID of the registered user who transferred the data packet;*
- *the method is performed in accordance with a multi-level marketing business model;*
- *the data packet includes a product content file, wherein the watermark is embedded in the product content file;*
- *transmitting the updated watermark;*
- *the step of processing the payment further includes the step of receiving the updated watermark;*

Stefik does not specifically disclose a marketing aspect of the invention to include tracking of marketing components and events. Applicant, however, in the background of the specification discloses a marketing structure already known in the industry that includes maintaining records of a multilevel marketing models for the distribution of digital goods.

**Claim 4:**

Stefik in combination with the Applicant's admissions disclose the digital data distribution system as well as *the data packet includes a product content file including the content of the product*, as shown in the rejections above. Stefik/Applicant do not disclose *a preview file including a sample of the content of the product, and wherein the watermark is embedded in the preview file*. The Examiner takes **Official Notice**, however, that it is old and well-known in the e-commerce industry to provide samples of documents, movies, music, and other digital files in order to entice a consumer to buy the full version after previewing the sample. As shown above, it would be obvious to include a watermark with the preview sample to prevent fraudulent use.

**Claims 6 and 9-11:**

With regard to the limitations of:

- *a portion of the data packet is encrypted, and wherein the step of transacting a purchase further includes the step of providing a key for decrypting the encrypted portion;*
- *the product content file is encrypted;*
- *the preview file is not encrypted;*
- *the data packet is secured for preventing use of the product by the user prior to receiving the key for decrypting;*

See at least Figure 15, as well as other associated and relevant text.

**Claims 12 and 13:**

With regard to the limitations of:

- *updating history data stored within a watermark associated with a digital product every time the digital product is transferred, wherein the history data includes*

*data associated with individuals who have transferred the digital product to another individual; accessing the history data;*

- *transacting a sale of the digital product; and*
- *rewarding the individuals who have transferred the digital product to another individual for effecting a sale of the digital product;*
- *the method is in accordance with a multi-level marketing business model;*

See the citations and explanations as shown in the rejections of claims 1-11 above.



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Any inquiry concerning this communication or earlier communications from the examiner should be directed to **James A. Reagan** whose telephone number is **(703) 306-9131**. The examiner can normally be reached on Monday-Friday, 9:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, **James Trammell** can be reached at (703) 305-9768.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the **Receptionist** whose telephone number is **(703) 305-3900**. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair> . Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

**Commissioner of Patents and Trademarks**

**Washington, D.C. 20231**

or faxed to:

**(703) 305-7687** [Official communications; including

After Final communications labeled "Box AF"]

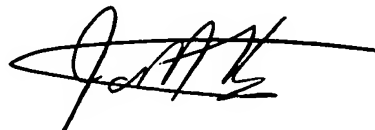
**(703) 308-1396** [Informal/Draft communications, labeled "PROPOSED"

or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7<sup>th</sup> floor receptionist.

JAR

15 March 2005

A handwritten signature in black ink, appearing to read 'J. A. Reagan', is written over a horizontal line.